

APPENDIX A

Risk Management Strategy

2016

Version Control

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Introduction

Risk is defined as;

“The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of likelihood and impact”

The Risk Management Strategy is to:

- Provide standard definitions and language to underpin the Risk management process
- Ensure that risks are identified and assessed in a consistent manner throughout the organization
- Clarify roles and responsibilities for managing risks
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards

The Risk Management Strategy now includes the Risk Management Policy

The implementation of the Risk Management Strategy will assist the Council in:

- Reducing risks
- Maximising opportunities
- Improving the effectiveness of our partnerships including the realisation of anticipated benefits
- Ensuring that the benefits offered by contracting out services are realised.
- Enhance our procurement processes
- Support the delivery of the Council’s 5 Year Plan Objectives.

Benefits of Risk Management

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole, e.g.

- **Improved Strategic Management**
Greater ability to deliver against objectives and targets
A sound system of corporate governance
Confidence in the rigour of the Annual Governance Statement
More likely that new developments can be delivered on time and on budget
Delivery of innovative projects
- **Improved Operational Management**

- Reduction in interruptions to service delivery
 - Reduction in managerial time spent dealing with the consequences of a risk event having occurred
 - Improved health & safety of those employed, and those affected, by the Council's undertakings
 - Improved prevention of fraud, bribery and corruption
 - Allows managers to focus on issues that really matter
 - Delivery of change management and organisational change
- **Improved Financial Management**
 - Better informed financial decision-making
 - Enhanced financial control
 - Reduction in financial costs associated with losses due to service interruption, litigation, etc.
 - Reduction in insurance premiums and claim related costs
 - **Improved Customer Service**
 - Minimal service disruption to customers
 - Protection of reputation and reduced risk of misinterpretation by media

Objectives

Below are the risk management objectives.

Objectives:

- Embed a risk management ethos throughout the Council that ensures the regular and systematic identification, prioritisation, treatment and monitoring of risks.
- The production of strategic and directorate risk registers that highlight the key risks facing the council that informs the corporate risk register and the annual Internal Audit Plan.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Raise awareness of the need for risk management by all those connected with the Council's delivery of service

These objectives will be achieved by:

- Defining roles, responsibilities, and reporting lines.
- Including risk management issues when writing Cabinet reports
- Maintaining registers of risks
- Holding regular meetings of the Risk Management and Audit Group that involves Senior Managers.

- Providing appropriate training to all members of staff
 - Setting the Risk appetite
- (‘Risk Appetite’ is the level of risk an organisation is prepared to tolerate. The decision to accept a risk is based partly on a view of the tolerance level of that particular risk. One of the aims of this document is to help managers view risks in a consistent way across all Directorates and ensure the Council has a balanced “Risk Appetite”.)*

How Risk Management in Slough Borough Council is organised.

The next section deal with how risk management is organised in Slough Borough Council. This includes:

- Roles and Responsibilities
- Training
- Risk Register Structure

Roles & Responsibilities

To help ensure that the risk management is embedded in the day to day function of all staff

Officer/Group	Responsibility	Frequency
The Cabinet	<p>The Cabinet role is to set the risk appetite and influence the culture of Risk Management within the Council, this includes:</p> <ul style="list-style-type: none"> • Determining whether the Council is 'risk taking' or 'risk averse' • Ensuring risks are considered as part of every Cabinet report decision • To review the content of the Corporate Risk Register at least annually, ensuring procedures are in place to monitor the management of significant risks to reduce the likelihood of unwelcome surprises; • Periodically review the Council's approach to Risk Management and approve changes or improvements to key elements of its processes and procedures. 	At Least Annually
Audit and Corporate Governance	The purpose of The Audit and Corporate Governance Committee in relation to Risk Management is:	Every Three months

Officer/Group	Responsibility	Frequency
Committee	<ul style="list-style-type: none"> • To approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated antifraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues; • To ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment; • To review the Council’s risk register; http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MId=5513&Ver=4&Info=1 	
Overview and Scrutiny	In their role of scrutinising decisions taken by the Cabinet, Scrutiny Members should ensure that associated risks have been taken into account. Scrutiny Committees also have a role in bringing potential risks that may not have been previously identified to the attention of the Corporate Management Team.	On-going
Elected Members	Elected Members should consider the risks associated with recommendations put forward in reports to the various committees such as the Cabinet or Scrutiny Committees to name but a few when making decisions recommended within the reports	On-going
Corporate Management Team.	Update Strategic Risk Register.	Every six months
	Undergo relevant training	As and when
Asst. Directors	Update Risk Register	Every three months
	Discuss risk at directorate meetings Standing Item on Team Meeting Agendas. At 1-2-1 supervision meetings monthly	
	Undergo relevant training	As and when
	Cascade risks down to individual teams	As part of the annual appraisal process

Officer/Group	Responsibility	Frequency
Risk Management & Audit Group	See attached Risk Management and Corporate Governance Group Terms of Reference	
All other staff	Bring risk issues to the attention of their manager. Undertake relevant training	On-going
Programme Management Office	Review Risk Registers and Highlight reports for all Projects on the Portfolio Analysis of key themes and risks which are reported to CMT Monitoring and assessment of Portfolio related risks in PMO risk register	Monthly
Project Managers	Maintenance of project level risk register Reporting of new and significant ongoing risks to the Programme Management Office	
Risk & Insurance Officer	Maintain and facilitate updating of Risk registers	On-going
	Produce overview of directorate risks for Directors	Every Three Months
	Organise Risk Management Training	On-going

Strategic Risk

Below is a definition of Strategic Risk

“Those business risks that, if realised, could fundamentally affect the way in which the organisation exists or provides its services in the next one to five years. These risks will have a detrimental effect on the organisation’s achievement of its key business objectives. The risk realisation will lead to material failure, loss or lost opportunity.” – RSM

5 Questions to Identify a Strategic Risk

- What is happening internally or externally that will present a strategic risk or challenge?

- What has happened in the past that had led to the realisation of a strategic risk?
- What is happening elsewhere?
- What are auditors, regulators, customers and partners telling us about the organisation?
- What challenges will the organisation face in implementing the Five Year Plan?

Guide for Identification, Prioritising, and Documenting of Risk

To ensure the systematic management of risks it is recommended that risks are recorded and communicated. This is done by completing a risk register. The Council has risk registers at project level and directorate level, and the highest risks at this level are incorporated into the Strategic Risk Register.

These are the steps to completing a risk register. These are:

1. Identifying a Risk
2. Use pre-determined risk categories
3. Describe the Risk
4. Assess the risk assuming that there are no control measures in place
5. Identify the current controls
6. Identify the Assurances.
7. Re-Assess the Risk taking current controls into account
8. Identify further controls if required
9. Re-Assess the Risk taking proposed controls into account
10. Decide upon a reasonable date for the completion of the proposed control
11. Assign implementation of control to a relevant officer

How to populate the Risk Register

Step 1 – Identifying a Risk

If you have discovered an issue that is or will affect the delivery of one or more of the 5 year plan objectives you will want to ensure that the Risk is managed proportionally, and effectively.

Step 2 – Use pre-defined Categories of Risk

SBC has decided the following categories of risk

Type of Risk	
Economic/ Financial	Events or lost opportunities that have a detrimental affect on the finances of the authority.
Political	Risks that affect the Council's ability to deliver its strategic objectives.
Health & Safety	Events that lead to the physical/mental harm of employees and/or stakeholders.
Environment	Events that may have a detrimental affect on the physical environment
Legal/Regulatory	Actions or events that breach regulations, civil or criminal law
Management including contractual	Events, actions or proposed actions that lead to increased management effort
Programme and Projects	Risks that could have an effect on the successful achievement of the programme or project's outcomes / objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).

Step 3 – Describe the Risk

Describing the risk clearly is very important. What you must try to avoid is confusing risks with outcomes.

Consider and record potential outcomes

Below is a table of some risks and one of corresponding possible outcomes

Risk	Possible Outcomes
Failure to an appropriate and robust system of internal financial controls.	Fraud
Overspent budget	Damage to reputation
Failure of business critical IT systems	Inability to provide and/or monitor services.
Inadequate or poorly implemented	Injury to staff and/or visitors

Health and Safety system	
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Consider and record circumstances/events that may “trigger” the risk

Step 4 - Assess the risk assuming that there are no control measures in place

To enable us to manage the risk most effectively we need to assess the risk assuming no controls.

SBC has decided to use a 6x4 Matrix as shown below

Probability	Very High	6	12	18	24
	High	5	10	15	20
	Significant	4	8	12	16
	Low	3	6	9	12
	Very Low	2	4	6	8
	Almost impossible	1	2	3	4
		Negligible	Marginal	Critical	Catastrophic
		Impact			

The descriptors for both “Probability” and “Impact” are shown below

Impact

	Negligible	Marginal	Critical	Catastrophic
Economic/Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact between £50,000 and £500,00 requiring virement or additional funds	Financial impact between £500,000 and £1,000,000 requiring virement or additional funds	Financial impact in excess of £1m requiring virement or additional funds
Political	Could have a major impact one departmental objective but no impact on a Council strategic objective	Could have a major impact on a Departments objective with some impact on a Council strategic objective	Council severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives.
Health & Safety	Reduced safety regime which if left unresolved	Minor injuries	1 death or multiple serious injuries	Multiple deaths

	may result in minor injury			
Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long term environmental damage	Very severe long term environmental damage.
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for an short period	Regulatory breach resulting in small fines and short term disruption for an short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Management including Contractual	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required
Programme and Projects	Risk does not affect overall project tolerances	Risk affects delivery of a milestone but overall project tolerances are unaffected	Risk affects project tolerances to Amber RAG rating	Risk affects project tolerances to Red RAG rating

PROBABILITY

	Almost Impossible	Very Low	Low	Significant	High	Very High
	Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
	Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur at sometime	Event will occur at sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

Step 5 - Identify the current controls

Now we need to identify the “current controls” These are the things we already do to reduce the risk.

Control measures are the actions taken to “mitigate” the probability and impact of a risk.

Control measures can take many guises and below is a list of control measures and how they mitigate a risk.

Control Measure	How it Mitigates
Project Plan	The discipline of completing and maintaining a project plan is a good way of identifying and planning the management of issues that may arise.
Monitoring	This can take the form of a 121, appraisal, service meeting with a contractor or provider. Monitoring to a set of defined performance indicators helps ensure that actions are performed to a prescribed level in a timely manner.
Reporting	Regular reporting of performance to senior officer/ member groups encourages the completion of actions especially reports that highlight non-performance.
Auditing	This ensures the veracity of claims that actions are in progress or have been completed.
Action	Action proposed to mitigate a risk. These, when completed should affect the probability and/or impact of a risk.

Step 6 – Record Assurances

When identifying the current controls we also need to record what “assurances” we have that the controls are working.

There are two types of “assurance”, internal and external.

Examples of external assurance are External Audit reports, OFSTED Inspections, CQC reports

Examples of internal assurances are internal reports that the controls to manage risks are working

Step 7 - Re-Assess the Risk taking current controls into account

You now need to follow the same process as “Step 4” but take the current controls into account.

Step 8 - Identify further controls if required

Now is the opportunity to record the further actions you need to take to mitigate the risk to an acceptable level. Further control measures must have an implementation date and a responsible officer

Step 9 - Re-Assess the Risk taking proposed controls into account

You now need to follow the same process as “Step 4” but take the effect of the proposed controls into account.

Ways to Mitigate Risks

The vast majority of risks can be mitigated in some way or other but most risks cannot be eliminated altogether and risk management is about determining what level of risk is acceptable.

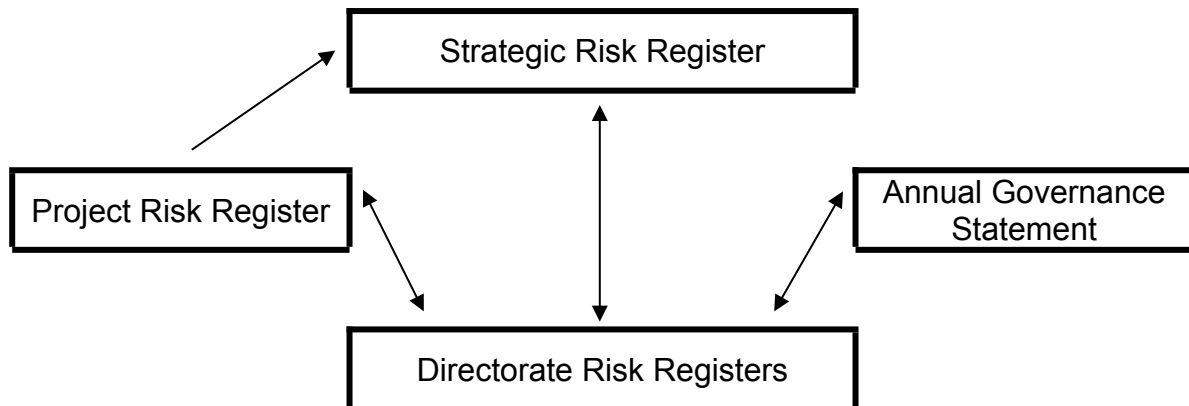
There are four basic responses to the mitigation of risk. These are:

- Transfer
- Control
- Terminate
- Tolerate

Response	
Transfer	Some risks can be transferred – legal liability can be transferred to an insurer, or service delivery can be transferred to a third party provider.
Control	Some risks will require additional control measures to reduce their probability or impact.
Terminate	Some activities present risks that are so disproportionate to the benefits derived from carrying out that activity that consideration should be given to terminating the activity – it should be noted that this is not always possible.
Tolerate	This response is acceptable if The risk is already managed to its lowest level of impact and/or probability

Risk Registers

Below is a diagram that shows the links between the various risk registers and other elements that feed into the risk registers



Definitions

To ensure that risk management is embedded into the organisation. Below is a list of terms with definitions.

Risk Register – A document that contains details of a risk, current risk assessment, controlled risk assessment, proposed control measures and responsible officer

Probability – Also known as Likelihood – is the estimated chance of a risk transpiring.

Impact – The estimated severity of a risk transpiring

Risk Appetite - The level of risk an organisation is prepared to tolerate

Risk Management Improvements

Below are the planned improvements to the risk management strategy over the coming 12 months.

- Rollout of Intalex Risk Management System
- Risk Management Training delivered to SLT Members
- Rolling program of Risk Management Training accessible to other managerial staff

Appendix 1

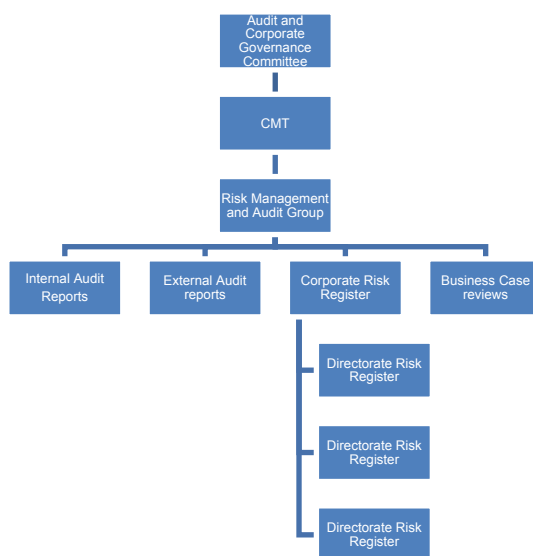
- Risk Management and Audit Group Terms of Reference

Appendix 1 Risk Management and Audit Group Terms of Reference

Purpose

To ensure that the Council is proactively managing strategic risk and audit processes. To ensure that there is a clear process in place between Strategic risk and audit issues and CMT and the Council's respective departments

Overview the process for Risk and Audit Management



Work-programme

- To ensure that the Strategic Risk Register reflects known service risks and is reviewed and updated on a regular basis
- Act as a forum to report on the progress made in mitigating risk as per departmental risk registers Directorate Risk Registers.
- Review progress of the Programme Management Office.
- Review Internal Audit progress, including receiving reports detailing, :
 - Finalised Audit reports
 - Audit Reports still in draft
 - The internal audit plan for the year ahead
- Ensuring that internal and external audit reports are responded to in a prompt manner
- To collate an up to date register of all ongoing Business Cases for projects across the Council

- To receive initial Business Cases and Post Implementation Reviews of projects to consolidate and share learning across the Council to improve governance arrangements
- To provide a report on the adequacy of Business Cases and other project controls
- On a rotational basis provide challenge on the risks and mitigating measures identified. Using this exercise to identify targeted risk management training.
- Identify and agree suitable risk management training methods for both members and officers.
- Consider relevant recommendations and actions arising from inspections, reviews etc. so that concerns are adequately reflected in risk registers.
- Share awareness and feedback with regard Fraud, Summary of the AF70's will be presented at this meeting
- To act as forum to engage with Directorate SMT representatives
- Annually review,,:
 - the Corporate Risk register for completeness
 - the risk management strategy and policy
 - terms of reference for the Risk Management and Audit Group

Membership

- The meetings will be chaired by Assistant Director, Finance & Audit / S151 Officer

And will consist of:

- The Monitoring Officer
- Internal Audit Assistant Manager (RSM)
- Corporate Financial Controller
- Assistant Director, Strategy and Engagement

And

- An Assistant Director from each department unless represented above.
- Information Governance & Security Manager

Quorum will be at least 3 of the following:

- The Risk and Insurance Officer

- Assistant Director, Finance & Audit / S151 Officer
- Assistant Director, Strategy and Engagement
- The Monitoring Officer
- Corporate Financial Controller.

It is permissible for the Assistant Directors to nominate deputies in their absence

Meetings

Meetings will be held on a monthly basis. Minutes will be taken by the Risk and Insurance Officer.

Below is a table that details the meetings and their primary focus.

Outputs

CMT will receive:

- Copies of all minutes
- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly summary report of Risk register challenge
- Reviewed Risk Management Policy and Strategy
- Internal Audit plan for the year ahead

Audit and Corporate Governance Committee will receive:

- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly Summary report of Risk register challenge
- Reviewed Risk Management Policy and Strategy
- Internal Audit Plan for the year ahead
- External Audit Reports
- The Corporate Risk Register